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December 10, 2003

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: WT Docket No. 02-55  
*Ex Parte Presentation*

Dear Ms. Dortch:

On Tuesday, December 9, 2003, Lawrence Krevor, Vice President – Government Affairs, Nextel Communications, Inc. (“Nextel”), Dr. Kostas Liopiros, Founder and Principal of the Sun Fire Group, Dr. Gregory L. Rosston, Deputy Director of the Stanford Institute for Economic Policy Research at Stanford University, and I met with John Muleta, Bureau Chief, Wireless Telecommunications Bureau; David Furth, Associate Bureau Chief, WTB; Walter Strack, Chief Economist, WTB; Sheryl Wilkerson, Legal Advisor to Chairman Powell; Tom Stanley, WTB; and Aaron Goldberger, WTB, regarding the Commission’s above-captioned rulemaking on public safety communications in the 800 MHz band. During this meeting, we discussed two different studies that were filed with the Commission on November 20, 2003, authored by Dr. Liopiros and Dr. Rosston, respectively.

Dr. Liopiros’ study, entitled “The Consensus Plan: Promoting the Public Interest – A Valuation Study,” shows that the demonstrated public interest benefits of the Consensus Plan for 800 MHz realignment (“Consensus Plan”) – including improved public safety communications and elimination of the 800 MHz interference that jeopardizes the lives, safety, and effectiveness of our nation’s first responders – are substantial and recurring. Dr. Liopiros’ study further demonstrates that the spectrum swaps proposed by the Consensus Plan are equitable, and will in no way give any licensee a “windfall” benefit. Attached to this letter is a copy of a slide presentation provided to Commission staff that presents the key points and findings of Dr. Liopiros’ study.

Dr. Rosston’s study, entitled “Using the Commission’s Articulated Spectrum Policy to Evaluate the Alternatives for Mitigating 800 MHz Interference,” examines how the three proposals for resolving 800 MHz public safety interference fit with the overall spectrum management direction articulated in the Commission’s Spectrum Policy Task Force Report (“Report”). Dr. Rosston concludes that the Consensus Plan, even though it was developed before the release of the Report, is more consistent with the Report’s goals and methodologies than either the Motorola Plan or the UTC/CTIA proposal.

Marlene H. Dortch  
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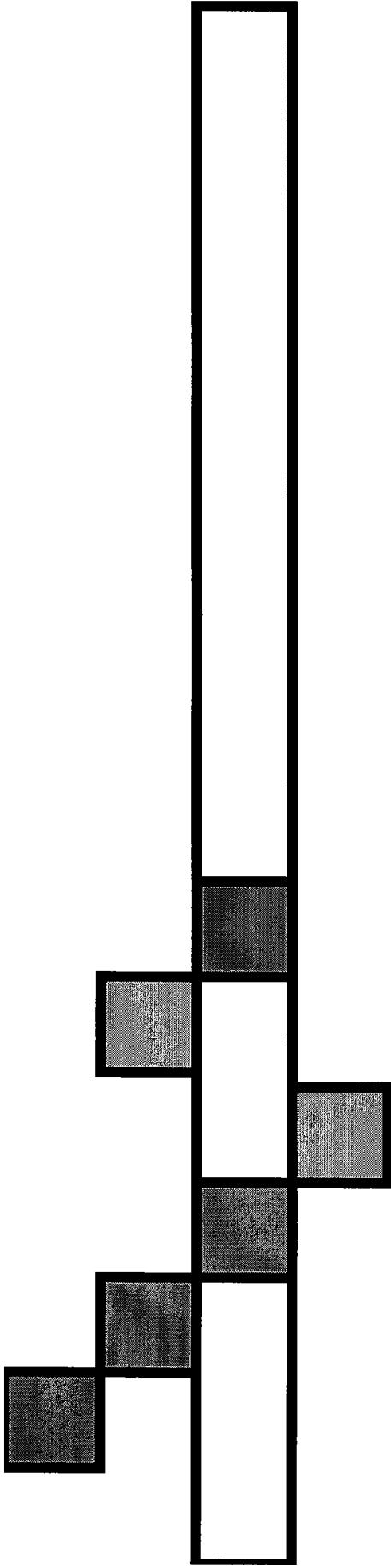
Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this *ex parte* notification and the attachment are being filed electronically for inclusion in the public record of the above-referenced proceeding.

Sincerely,

/s/ Regina M. Keeney  
Regina M. Keeney

Attachment

cc: John Muleta  
David Furth  
Walter Strack  
Sheryl Wilkerson  
Tom Stanley  
Aaron Goldberger

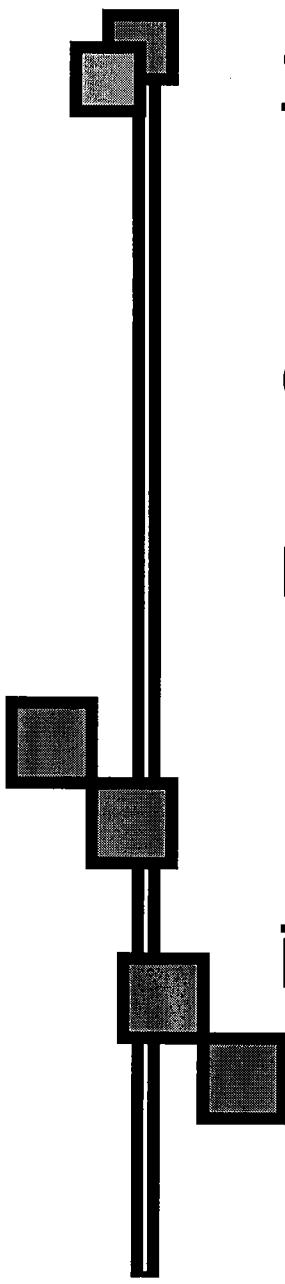


# The Consensus Plan: Promoting the Public Interest A Valuation Study



Prepared for Nextel Communications, Inc

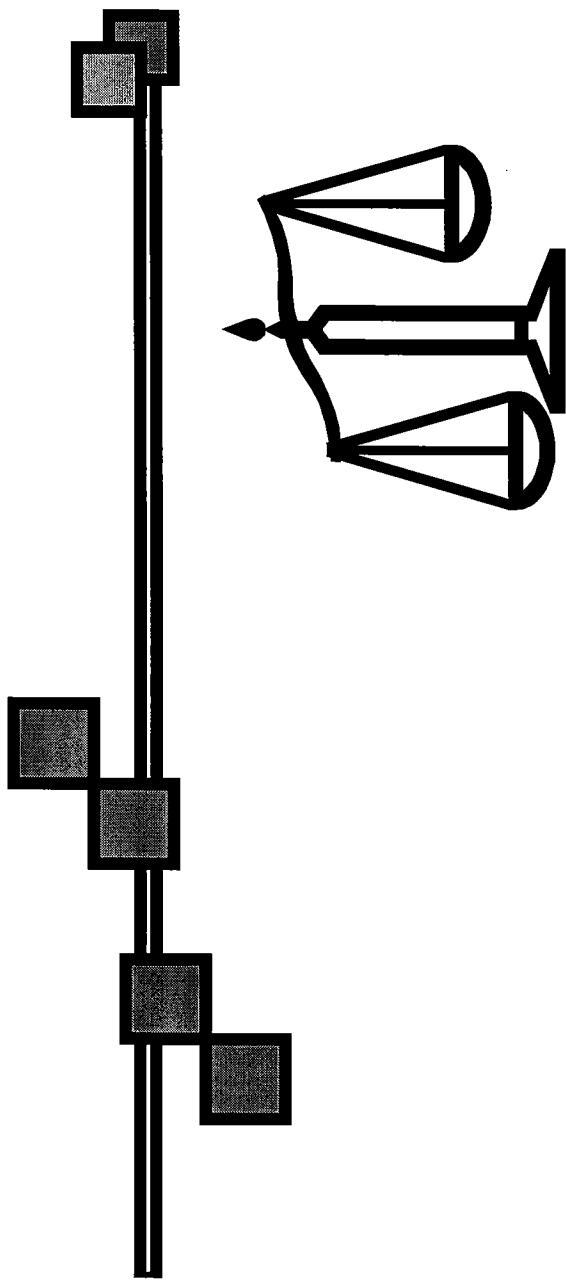
Dr. Kostas Liopiros  
Sun Fire Group LLC  
Alexandria VA 22304  
December 2003



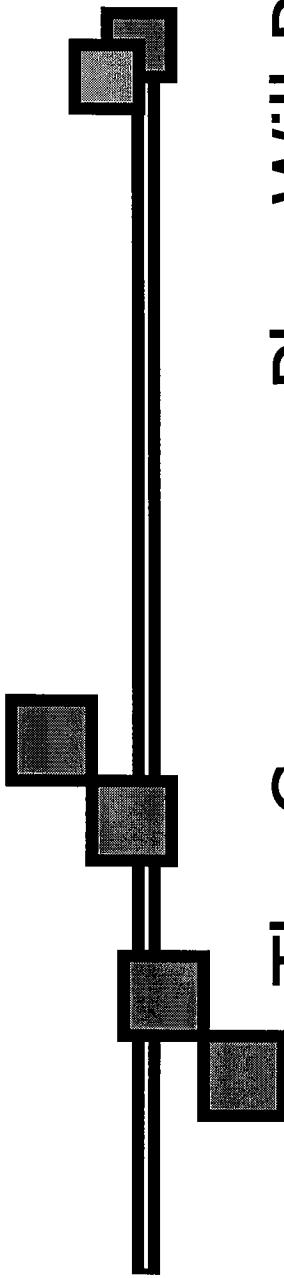
There are Two Overarching Issues in  
this Proceeding

- Public Benefits vs. Government Cost
- Nextel's Benefits vs. Consensus Plan Cost

The FCC Should Focus on the Consensus  
Plan's Substantial Public Benefits



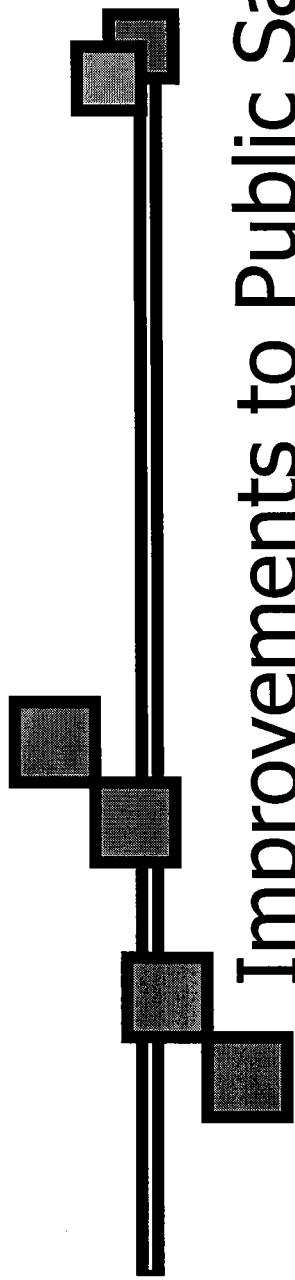
The Substantial and Ongoing  
Public Benefits far Outweigh the  
Cost to the Government in terms  
of Forgone Spectrum Auction  
Revenues



## The Consensus Plan Will Provide Substantial Enhancement to Public Safety Communications

- Remedying interference to Public Safety
- Providing additional spectrum for Public Safety Communications

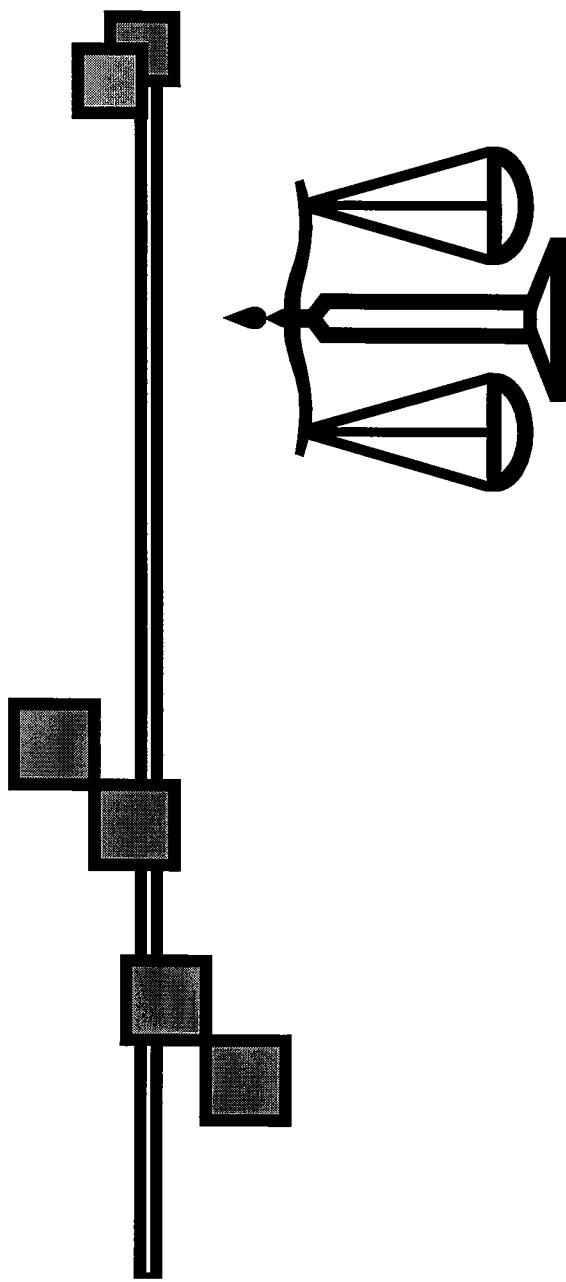
By Contrast, Case-by-Case Mitigation Would Provide Lesser Benefits and Impose Ongoing Burdens on Public Safety Operators



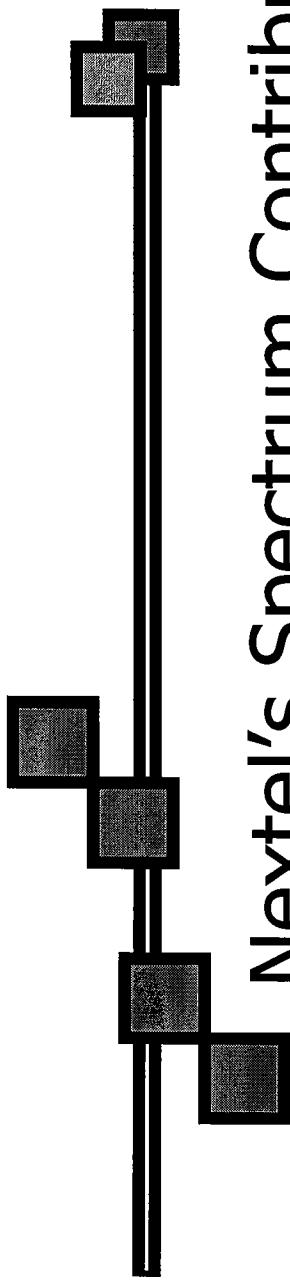
## Improvements to Public Safety Communications Will Provide Very Substantial Public Benefits

- Saving lives
- Reducing Economic Loss due to Terrorism, Crime,  
Fire and Other Disasters

Americans Demand an Effective Government  
Response to Public Safety Communications  
Problems

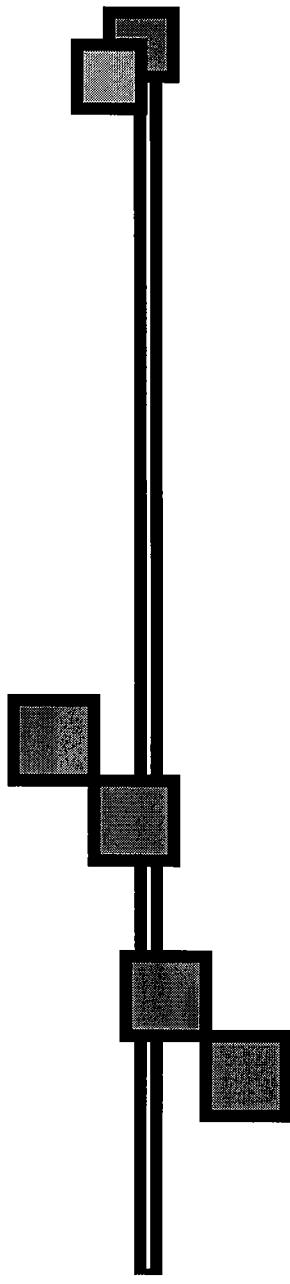


The Spectrum Exchange Involves  
Spectrum of Comparable Value  
and Will Not Give Nextel a Windfall



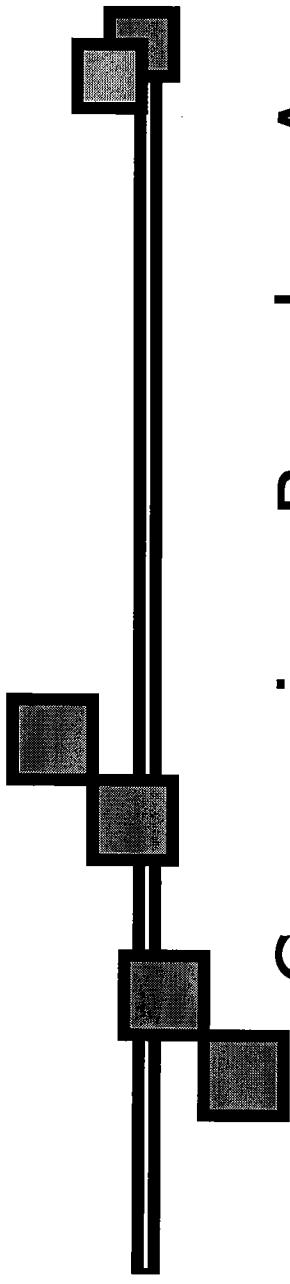
## Nextel's Spectrum Contribution is Comparable to the 1.9 GHz Spectrum Received

- A "kHz for kHz" Comparison
- Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices
- Comparison Based on Recent Private Transactions



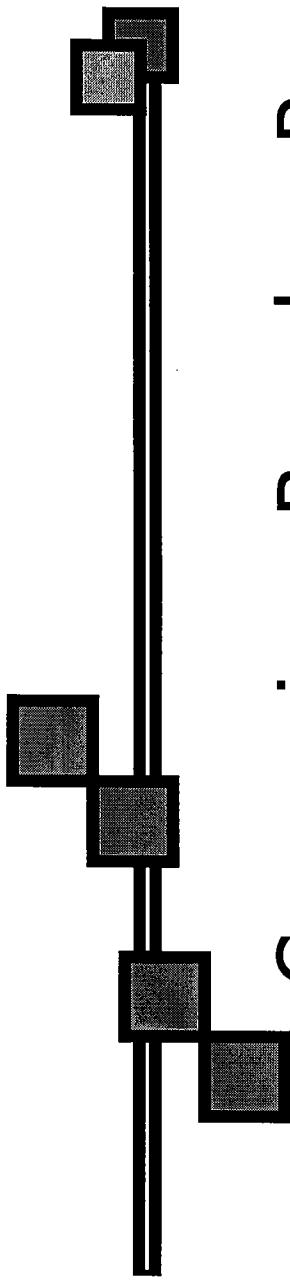
## "kHz for kHz" Comparison

- A Net Loss of Spectrum
  - 10.5 MHz of Spectrum in Exchange for 10 MHz
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



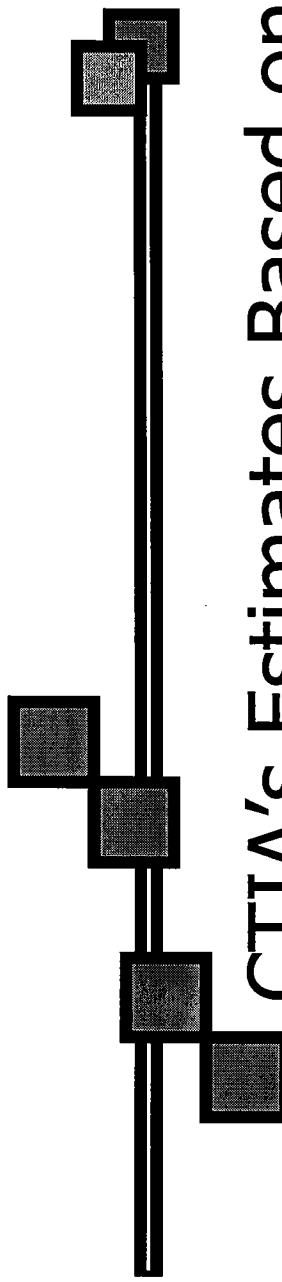
## Comparison Based on Acquisition Costs and PCS A and B Block Auction Prices

- The value of the 10.5 MHz Nextel would surrender is *greater* than the value of the 10 MHz of replacement spectrum it would receive
  - Nextel paid approximately \$2 Billion in FCC auctions and private transactions for the 10.5 MHz it would surrender
  - Based on A and B Block Auction Prices (1994), CTIA valued 10 MHz of Spectrum at approximately \$1.3 Billion
  - A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



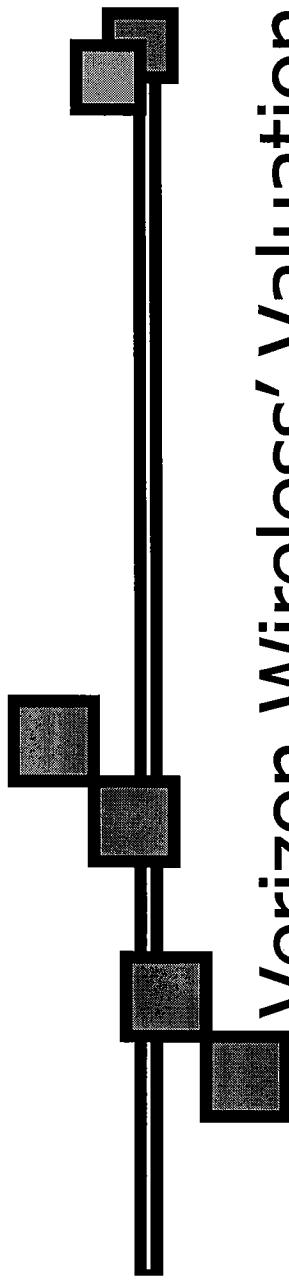
## Comparison Based on Recent Private Transactions

- Nextel's Spectrum Contributions under the Consensus Plan approximate the value of the 1.9 GHz replacement spectrum
  - Nextel Spectrum Contributions can be valued at about \$3.4 Billion
  - 1.9 GHz Replacement Spectrum can be Valued at about \$3.5 Billion
- A Financial Contribution Over \$1 Billion to Implement the Consensus Plan



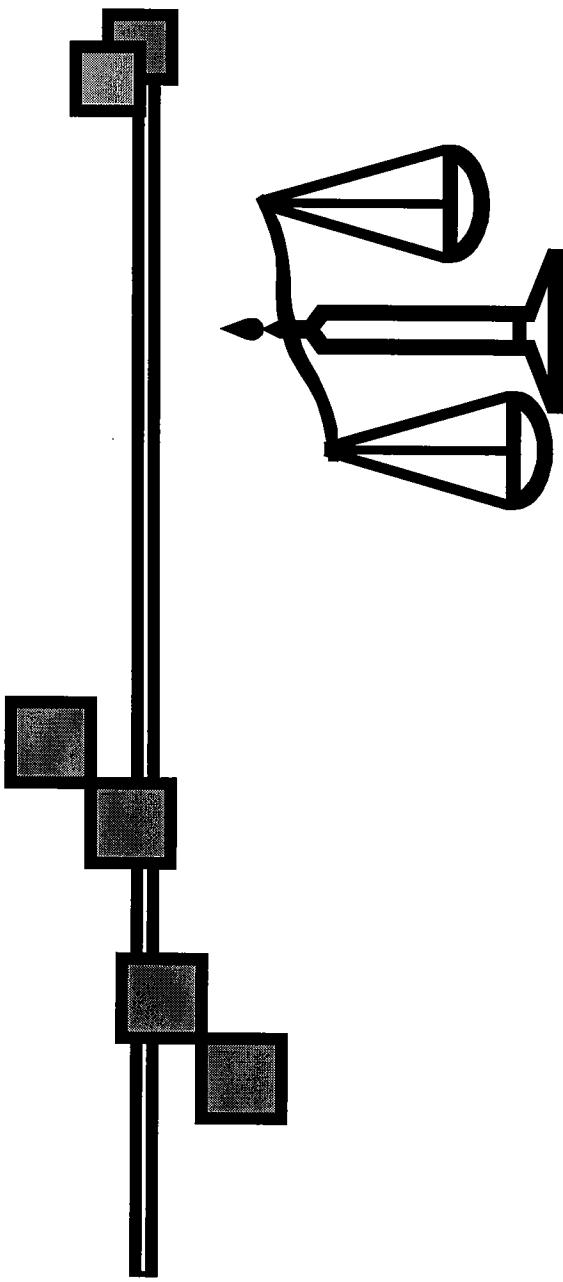
## CTIA's Estimates Based on Average Prices of Two Recent Private Transactions Significantly Overstate the Value of the G Block

- Both transactions involved primarily large markets -- inflating the average price
- A reliable estimate of the value of a nationwide license would use a representative selection of small, medium and large market transactions



## Verizon Wireless' Valuation Overvalued 1.9 GHz While Undervaluing 700/800/900 MHz spectrum

- Ignored taxes
- Underestimated value of customer relationship
- Did not take into account variation of value of spectrum license with market size
- Added an equity control premium
- Ignored current reality and future uncertainty in trend towards high speed data service



- The Demonstrated Benefits of the Consensus Plan are Substantial, Recurring and Far Outweigh One-time Costs to the Government
- Spectrum swaps proposed by the Consensus Plan are comparable in value and give no licensee a “windfall”